

**ECONOMICS AND THE WORLD OF FINANCE/BANKING AND CREDIT**

**Course overview**

**Total Hours 125**

**UNIT 1: INTRODUCTION TO ECONOMICS AND THE ECONOMY**

*Hours: 40*

**Topic: Economic Perspectives, Trade offs, and Choices (8 hours)**

**Goal:** The student will be able to describe the meaning and importance of economics, identify different economic theories, and apply production possibility models.

**Objectives:** The student will be able to:

- Describe the economic perspective.
- Define the theories, principles, and models in macroeconomics.
- Compare macroeconomics vs. microeconomics.
- Compare the individuals vs. society's economizing problem.
- Describe and analyze the "Production Possibilities Model."
- Define unemployment growth and the future.

**Topic: The Market System and Circular Flow Model (7 hours)**

**Goal:** The student will be able to describe the market system, compare economic systems, understand the circular flow model, and identify fundamental economic questions.

**Objectives:** The student will be able to:

- Compare economic systems.
- Describe the characteristics of the market system.
- Define the five fundamental questions of economics.
- Recognize the Invisible Hand theory.
- Describe the demise of the command system.
- Apply the mechanics of the circular flow model.

**Topic: Supply and Demand, and Market Equilibrium (15 hours)**

**Goal:** The student will be able to apply the most fundamental economic tools-- supply and demand to solve problems in the market place.

**Objectives:** The student will be able to:

- Describe global markets.
- Describe the demand model and its effects.
- Apply the law of demand, market demand, and demand curve.
- Describe the supply model and its effects.
- Apply the law of supply, the supply curve, and market supply.
- Determine how market demand and supply together affect market equilibrium.

**Topic:** **The U.S. Economy (4 hours)**

**Goal:** The student will be able to compare the private sector and the public sector as primary decision makers in the US market economy, and apply this knowledge to the circular flow model.

**Objectives:** The student will be able to:

- Discuss the important facts about households as income receivers and spenders.
- Distinguish among business population sectors.
- Compare various legal forms of business.
- Describe the economic role of the public sector: government's role.
- Increase the complexity of the circular flow to include government.
- Define government finance and federal finance.
- Compare state and local finance to the federal government.

**Topic:** **The United States in the Global Economy (6 hours)**

**Goal:** The student will be able to discuss the basic principles underlying the global economy, identify and state the significance of trade routes and agreements, and apply concepts of comparative advantage to problems.

**Objectives:** The student will be able to:

- Describe the international linkages for world trade.
- Compare and contrast the United States vs. world trade.
- Describe specialization and comparative advantage.
- Compare the foreign exchange market with the United States.
- Describe how government and trade function.
- Compare multilateral trade agreements and free-trade zones.
- Debate global competition.

**UNIT 2: MACROECONOMIC MEASUREMENT AND BASIC CONCEPTS**

*Hours:* 25

**Topic:** **Basic Concepts and Measurements for Macroeconomics** (10 hours)

**Goal:** The student will be able to define the key macroeconomic terms and national income accounting, research and describe key national income statistics, and determine GDP by both income and expenditure approaches.

**Objectives:** The student will be able to:

- Assess the economy's performance.
- Describe and calculate Gross Domestic Product.
- Define GDP through the Expenditures Approach.
- Define GDP through the Income Approach.
- Compare the Expenditure and Income approaches.
- Describe other national accounts.
- Compare Nominal GDP versus Real GDP.
- Describe the shortcomings of GDP.

**Topic:** **Introduction to Economic Growth and Instability** (9 hours)

**Goal:** The student will be able to define and calculate economic growth, compare and contrast growth records between the United States and other countries, describe the business cycle and how it impacts employment, and review different business cycle theories.

**Objectives:** The student will be able to:

- Explain how economic growth is measured.
- Illustrate graphically the Business Cycle.
- Define and calculate unemployment.
- Define, formulate, and calculate inflation.
- Express how redistribution effects inflation.
- Determine how inflation affects output.

**Topic:** **Basic Economic Relationships** (6 hours)

**Goal:** The student will be able to calculate the multiplier effect and apply interest rate-investment relationships.

**Objectives:** The student will be able to:

- Determine how income effects consumption and the income-savings relationships.
- Apply the interest-rate-investment relationship.
- Calculate the multiplier effect.

UNIT 3: MACROECONOMIC MODELS AND FISCAL POLICY

*Hours:* 24

**Topic:** **Aggregate Expenditures Model (7 hours)**

**Goal:** The student will be able to identify the Aggregate Expenditures Model assumptions, graphically describe equilibrium, explain relationships between investment demand and supplies schedules, and explain the classical view and limitations of this model.

**Objectives:** The student will be able to:

- Describe how to simplify GDP.
- Depict consumption and investment schedules.
- Calculate equilibrium GDP:  $C+I=GDP$ .
- Describe other features of equilibrium GDP.
- Assess changes in Equilibrium GDP and the Multiplier.
- Include international trade into GDP.
- Include the public sector to GDP.
- Define the difference between equilibrium versus full-employment GDP.
- Describe the limitations of the Aggregate Expenditure Model.

**Topic:** **Aggregate Demand and Aggregate Supply (7 hours)**

**Goal:** The student will be able to apply the concepts of aggregate demand and aggregate supply, determine curve locations based on changes to the models' inputs, and evaluate the outcomes on equilibrium levels of pricing and real GDP.

**Objectives:** The student will be able to:

- Describe Aggregate Demand.
- Apply changes in Aggregate Demand.
- Describe Aggregate Supply.
- Apply changes in Aggregate Supply.
- Comprehend the affects Aggregate Demand and Aggregate Supply have on equilibrium.

**Topic:** **Fiscal Policy, Deficits, and Debt (10 hours)**

**Goal:** The student will explore the tools used for examining fiscal policy measurements and adjusting for government expenditures and tax revenues as the economy moves through the business cycle. In addition, students will analyze the effects of large public debt, income equality,

reduced economic incentives, and crowding out of private investments on the economy.

**Objectives:** The student will be able to:

- Recognize how fiscal policy connects with the AD-AS model.
- Describe built-in stability.
- Evaluate fiscal policy.
- Define the problems, criticisms, and complications.
- Research and understand public debt.
- Compare false concerns to real concerns.

UNIT 4: MONEY, BANKING, AND MONETARY POLICY

*Hours:* 20

**Topic:** **Money and Banking** (5 hours)

**Goal:** The student will describe the nature and function of money and the Federal Reserve System's definition of money supply.

**Objectives:** The student will be able to:

- Describe the functions of money.
- List the components of the money supply.
- Describe what "backs" the money supply.
- Discuss and apply knowledge of the Federal Reserve and the banking system.
- Explain monetary policy and the economy function.
- Implement monetary policy.
- Discuss the Federal Reserve's role in the international sphere.
- Describe how the Federal Reserve supervises and regulates the banking industry.
- Research how the Federal Reserve educates, enforces regulations, and protects consumers.
- Graph the Federal Reserve and its participation in the US payment system.
- Compare recent developments in money and banking.

**Topic:** **Money Creation** (6 hours)

**Goal:** The student will recount the history of the fractional reserves, explain effects of currency depositing and money supply, compute reserve requirements, and calculate using the money multiplier.

**Objectives:** The student will be able to:

- Explain the Fractional Reserve System.
- Report how a single commercial bank earns income.
- Apply formulas for money-creating transactions of a commercial bank.
- Apply the formula for the Banking System: Multiple-Deposit Expansion.

**Topic:** **Interest Rates and Monetary Policy (9 hours)**

**Goal:** The student will describe the tools of monetary policy and their impact on the economy based on various decisions made by the Federal Reserve.

**Objectives:** The student will be able to:

- Describe the implications and effects of interest rates.
- Discuss the consolidated balance sheet of the Federal Reserve banks.
- Describe and apply the tools of monetary policy.
- Describe the targeting of the Federal Funds rate.
- Explain how monetary policy, real GDP, and the price level interact.
- Evaluate monetary policy decisions.
- Summarize the connections between AD-AS, price level, real output and stabilization (fiscal and monetary) policy.

**UNIT 5: LONG RUN PERSPECTIVES AND MACROECONOMIC DEBATES**

*Hours:* 16

**Topic:** **Extending the Analysis of Aggregate Supply (7 hours)**

**Goal:** The student will apply AD-AS models to inflation, recession, and unemployment and explain the relationship between tax rates, tax revenues and aggregate supply.

**Objectives:** The student will be able to:

- Compare short run and long run supply models.
- Apply the extended AD-AS model.
- Describe the inflation-unemployment relationship.
- Apply the long-run Phillips Curve.
- Describe the impact of taxation and aggregate supply on the economy.

**Topic:** **Economic Growth (5 hours)**

**Goal:** The student will describe the main ingredients for economic growth and evaluate these ingredients through applying various models.

**Objectives:** The student will be able to:

- Describe the ingredients of growth.
- Apply production possibilities analysis.
- Extend the AD-AS model.
- Describe United States economic growth rates.
- Describe how productivity acceleration impacts a new economy.
- Compare differing perspectives on why growth is desirable and sustainable.

**Topic:** **Disputes over Macro Theory and Policy** (4 hours)

**Goal:** Compare and analyze classical verses neo-classical theories.

**Objectives:** The student will be able to:

- Compare classical economics to Keynes.
- Describe what causes macro instability.
- Explain how the economy might "self correct."
- Compare and contrast rules or discretion of macro policy.
- Summarize alternative views from various economists.